



Exchange Traded Funds Provider of the Year Award

November 2020

What is the Exchange Traded Funds - Provider of the Year Award?

Canstar's Exchange Traded Funds - Provider of the Year Award involves a sophisticated and unique methodology that compares providers of Exchange Traded Funds (ETFs) across their range of available ETFs and the resources that they provide consumers to assist in making better investment decisions. Canstar's Exchange Traded Funds award recognises the ETF provider that has cumulatively scored highest in the assessment which recognises how closely an ETF tracks its benchmark, associated costs and fees as well as the information and educational support that they provide to investors.

Eligibility requirements for the Exchange Traded Funds - Provider of the Year Award

To be eligible for the Canstar Exchange Traded Funds - Provider of the Year Award, a fund must:

- Be open to new investors.
- Not be a hedge fund or a Managed Fund.
- Must have an ETF available in three investment categories (Equity Australia, Equity Global and Fixed Income Australia).*
- Eligible ETFs must have been available for 12 months.

*Investment Categories considered are those categories in Australia that have a minimum of \$5 Billion assets under management at time of award calculations. As listed by the ASX <https://www2.asx.com.au/markets/trade-our-cash-market/asx-investment-products-directory/etps>

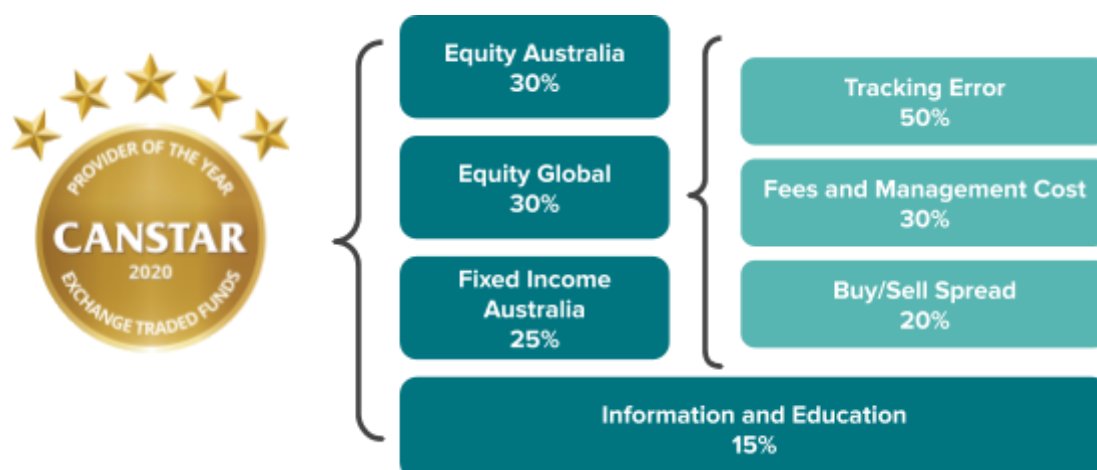
Award Methodology

Each eligible provider is awarded points for the three investment categories assessed as well as the information and education that the provider offers to consumers. The three investment categories assessed are:

- Equity Australia
- Equity Global
- Fixed Income Australia

To arrive at the total score, Canstar applies a weight to each investment category and a providers Information and Education score. The institution with the highest cumulative score is recognised as the Provider of the Year – Exchange Traded Funds.

The breakdown of weighting for each category is as follows:



All ETFs from eligible providers are evaluated and scored based on their relative performance against other eligible ETFs on the following metrics:

- Tracking Error
- Buy/Sell Spread
- Fees and Management Cost

For each investment category, the best performing ETF from each provider is used to assess a provider's performance within the investment category.

Tracking Error

The tracking error considers the absolute value difference between an ETF's gross performance relative to the benchmark it is tracking. Canstar records the tracking error over the course of twelve monthly observations. The fund with the smallest average tracking error is allocated the maximum score, with all remaining ETFs scored against it.



Fees and Management Cost

The Fees and Management Cost considers the weighted average of management fees for the past 12-month period, with the lowest cost receiving the highest score, and all remaining ETFs scored against it.

Buy/Sell Spread

When consumers are investing or withdrawing from an ETF a Buy/Sell Spread can be applied on transactions to account for the costs to buy or sell underlying assets. This spread is a percentage of the ETF price that is added onto or removed from the price that a consumer will invest in or withdraw from an ETF at. Canstar collects the Buy/Sell Spread data from ASX monthly fund statistic updates and considers the weighted average monthly buy/sell spread of the ETF for the past 12-month period, with the lowest spread receiving the highest score.



Information and Education

The Information and Education category considers the availability of educational resources, the depth of transparency of reporting and the availability of fund details to consumers. Individual features are allocated points based on their relative importance with the provider with the highest number of points in this category receiving the maximum weighted score, with all remaining products within the profile scored against it.

How often are products reviewed for Star Ratings and award purposes?

Ratings and awards are recalculated annually based on the latest features offered by each provider. Canstar also monitors changes on an ongoing basis. The results are published in a variety of mediums (newspapers, magazine, television, websites, etc.).

Does Canstar rate all products available in the market?

We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. However, this process is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that is relevant to you.

Does Canstar rate other product areas?

Canstar researches, compares and rates the suite of banking, wealth and insurance products listed below. These Star Ratings use similar methodologies to guarantee quality, consistency and transparency. Results are freely available to consumers who use the Star Ratings as a guide to product excellence. The use of similar Star Ratings logos also builds consumer recognition of quality products across all categories.

Please access the Canstar website at www.canstar.com.au if you would like to view the latest Star Ratings reports of interest.

- Account based pensions
- Business life insurance
- Deposit accounts
- Health insurance
- Landlord insurance
- Margin lending
- Package banking
- Reward programs
- Travel insurance
- Agribusiness
- Car insurance
- Direct life insurance
- Home & contents
- Life insurance
- Online banking
- Personal loans
- Superannuation
- Travel money cards
- Business banking
- Credit cards
- First home buyer
- Home loans
- Managed investments
- Online share trading
- Pet insurance
- Term deposits
- Youth banking



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